

**MANAGING TRUST ACCOUNTS  
AND FIDUCIARY ACCOUNTS**

**MANUAL  
AND  
WORK BOOK**

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TRUST ACCOUNT PROGRAM  
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**AUGUST 2005**

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# MANAGING YOUR CLIENT TRUST ACCOUNT

## A LAWYER IS A FIDUCIARY AND, THEREFORE, MUST SEGREGATE AND SAFEGUARD THE FUNDS AND PROPERTY OF CLIENTS AND THIRD PERSONS

### I. OBLIGATION TO MAINTAIN A TRUST ACCOUNT

- ◆ A Trust Account must be maintained to hold the funds of clients and third persons that come into a lawyer's possession in connection with a representation.<sup>1</sup>
- ◆ Funds which must be placed in Trust Accounts include:
  - Personal Injury Settlements
  - Divorce Settlements
  - Real Estate Escrows and Closing Proceeds
  - Advanced Fees for legal services
  - Cost Advances

### II. KEY ELEMENTS OF A TRUST ACCOUNT

- ◆ **Separate:** The Trust Account must not be associated with the Lawyer's Personal or Business Accounts. [See, SCR 20:1.15(b) and SCR 20:1.15(e)(8)].
- ◆ **Identifiable:** Bank Statements, Checks, and Deposit Slips must be clearly labeled as "**Trust Account**," "**Client Account**" or a combination of those terms. The terms "**IOLTA Client Account**" and "**IOLTA Trust Account**" comply with the rule's requirements; however, "IOLTA Account," without further elaboration, is **not** sufficient identification. [See, SCR 20:1.15(b)(2)].
- ◆ **Accountable:** Account Records must be accurate, contemporaneous, and readily accessible at all times. Records must be maintained for at least six (6) years after the termination of a representation. [See, SCR 20:1.15(e)(6)].

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<sup>1</sup> Funds may also be invested or placed, in trust, in other types of accounts at the client's direction. [See, SCR 20:1.15(c)(2)].

### III. PURPOSE OF MAINTAINING ACCURATE RECORDS

- ◆ To prevent conversions<sup>2</sup> caused by poor record keeping.
- ◆ To prevent overdrafts in the Trust Account as a whole, as well as overdrafts in individual clients' accounts.
- ◆ To protect against allegations of unauthorized use of funds.
- ◆ To prevent the loss of funds via:
  - Garnishment or Seizure
  - Levy by the IRS or Wisconsin Department of Revenue
  - Death or Incapacity

### IV. RESPONSIBILITY FOR TRUST ACCOUNT

- ◆ Lawyer is ultimately responsible for the trust account, even if maintenance duties are delegated to an associate or a non-lawyer staff member. [See, SCR 20:5.1 and SCR 20:5.3].
- ◆ Lawyer must, therefore, ensure that firm has adequate procedures in place, that those procedures are followed, and that the required records are maintained. [See, 20:5.1, SCR 20:5.3 and SCR 20:1.15(f)].
- ◆ Lawyer must annually certify to the State Bar of Wisconsin that he or she has complied with each of the record-keeping requirements set forth in SCR 20:1.15(f). [See, SCR 20:1.15(i)].



**RECOMMENDATION:**

**Only lawyers should have signatory authority over a Trust Account.**

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<sup>2</sup> A conversion is an unauthorized removal of funds from a Trust Account, regardless of whether the removal was intentional or inadvertent, and further, regardless of whether the funds were disbursed to the lawyer, to another client or to a third person.

## V. TRUST ACCOUNT BASICS

### A. Funds that **MUST BE** held in a Client Trust Account

SCR 20:1.15(b) provides that all funds or property belonging to a client or a third person that are entrusted to a lawyer in connection with a representation must be held in trust.

Such funds include: advanced fees, filing fees, fines and other costs related to the representation, and funds that both the client and a third person claim an interest in, such as settlement proceeds.

### B. Funds that **MUST NOT BE** held in a Client Trust Account

No personal or business funds of the lawyer, other than a nominal amount to cover bank service charges, may be held in the trust account.

### C. Advanced Fees vs. Retainers

1. **Advanced Fees** – When the client advances funds for legal services, those funds **must be deposited into the client trust account**. [See, SCR 20:1.15(b)(4)]. As the fees are earned through the rendering of services, the lawyer must withdraw those fees from the trust account after providing written notice to the client. However, the balance of unearned fees belongs to the client, and must remain in the trust account.
2. **General Retainer** – The true or classic retainer insures the availability of a lawyer for a client's legal needs within a specified time period. Such a retainer is **earned when paid** because the client is paying for the lawyer's availability to provide services. Since the fee is earned when paid, it **must not be deposited in the trust account**. It must be accounted for as earned income upon its receipt.

### D. Disbursement of Advanced Fees

Fees must be disbursed from the trust account when earned. However, prior to disbursing earned fees, the lawyer must provide the client with written notice of the intended disbursement at least five (5) business days prior to disbursement. The "written notice" must include the following information:

- 1) an itemization of the services rendered;
- 2) the amount owed;

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- 3) the date of anticipated disbursement; and
- 4) the balance of the client's funds following the disbursement.

See, SCR 20:1.15(g) [Codification of the *Marine* case].

See also, *Matter of Disciplinary Proceedings against Marine*, 82 Wis. 2d 602, 264 N.W.2d 285 (1978).

#### E. Unclaimed Funds

In order to avoid holding funds indefinitely and losing contact with the owner(s), a lawyer should promptly follow up on any trust account check that has not cleared within two to three months of disbursement.

If the owner of funds held in trust cannot be located, the funds may have to escheat to the State of Wisconsin, pursuant to Wis. Stats. §177.03.

Prior to remitting funds to the Office of State Treasurer (OST), a lawyer should send a “due diligence” letter to the owner of any unclaimed funds in excess of \$50.<sup>3</sup> [See, Wis. Stats. §177.17(5)]. While the statute does not require “due diligence” letters for amounts of less than \$50, lawyers are encouraged to send such letters in all cases in order to document the lawyer’s efforts to locate the property owner and notify the owner of the impending transfer of trust funds to the OST.

Abandoned property, which OLR and the State Treasurer’s Office interpret to include unclaimed funds held in lawyer trust accounts, is identified by Wis. Stats. §177.02(1) as follows:

Except as otherwise provided in this chapter, all intangible property, including any income or increment derived from it, **less any lawful charges**, that is held, issued or owing in the ordinary course of a holder's business and **that has remained unclaimed by the owner for more than 5 years**<sup>4</sup> after it became payable or distributable is presumed abandoned. (*Emphasis added*).

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<sup>3</sup> A sample due diligence letter can be found in the **Unclaimed Property Holder Reporting Guide** that is available on the State Treasurer’s website: [www.ost.state.wi.us/home](http://www.ost.state.wi.us/home), or in hard copy by contacting the Unclaimed Property Office, toll free, at: **877-699-9211**.

<sup>4</sup> The 5-year period may be shortened to 1 year if the attorney is joining another firm, retiring, or otherwise ceasing the practice of law. (See, Wis. Stats. §177.11)

**Prohibited Deductions:** OLR takes the position that a lawyer may not deduct charges for efforts to locate the owner(s) of funds held in trust. Such efforts are part of a lawyer’s fiduciary obligations.

The OST has an established policy that the only charges that may be deducted from unclaimed funds are the bank service charges and traveler’s check/money order fees authorized under Wis. Stats. §177.06(3) and §177.04(3). The OST has also acknowledged that other statutory liens (Warehouseman's, Self-Storage and Mechanic's Liens) allow for expenses to be deducted prior to reporting to the Unclaimed Property Unit.

For further information, contact the Unclaimed Property Program Administrator at the Office of State Treasurer, or, go to its website: [www.ost.state.wi.us/home](http://www.ost.state.wi.us/home).

#### **F. Bank Service Charges**

A lawyer can maintain a nominal amount of law firm funds in the trust account to cover monthly costs associated with the account.

A balance of up to \$100 is acceptable, and such funds should be identified as a “Maintenance Account” in the firm’s trust account records. A subsidiary ledger must be kept for the Maintenance Account so that the balance of law office funds in the account is clearly identifiable. Please note that the \$100 amount is a general figure. If the firm’s monthly service charges or the check printing charges exceed that amount, a somewhat larger balance in the Maintenance Account may be appropriate.



#### **RECOMMENDATION:**

**When the balance of law firm funds in the trust account is reduced by the deduction of service charges, the balance should be restored with a check from the firm’s business account. This will provide the necessary paper trail for these transactions.**

#### **G. Holding Property (other than Funds)**

SCR 20:1.15(b)(6) provides for the use of a safe deposit box when property cannot be pooled. Such a safe deposit box must be identified as trust property or a trust account, not the property of the lawyer. Non-cash property should be labeled as the property of the client/third person and

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placed in the safe deposit box. Where the property will not fit into a safe deposit box, the lawyer should label the property with the owner's name, keep it separate from the property of the lawyer or other clients, and take whatever safeguards are necessary to preserve that property.

SCR 20:1.15(f)(3) requires that the lawyer keep a ledger of non-cash property. The ledger must identify the property, the date of its receipt, the owner, the client or matter and the location of the property. The lawyer must provide the prior custodian of the property with a receipt, and upon disposition of the property, obtain a signed receipt from the recipient.



**RECOMMENDATION:**

**A copy of the signed receipt should be placed in the client file. Another copy should be kept with the property ledger that is maintained with the lawyer's other trust account records. In the event that the lawyer is unavailable, due to death or illness, this record keeping will provide invaluable assistance in determining the location and ownership of any trust property in the lawyer's possession.**

## **VI. FIDUCIARY ACCOUNTS**

- ◆ A Fiduciary Account must be maintained to hold the funds or property of clients and third persons that comes into a lawyer's possession while acting in a fiduciary capacity that arises in the course of, or as a result of, a lawyer-client relationship.
- ◆ Fiduciary positions include, but are not limited to, the following:

Agent;  
Lawyer-in-Fact;  
Conservator;  
Guardian;  
Personal Representative;  
Special Administrator; and  
Trustee.

## VII. OVERVIEW OF SCR 20:1.15

SCR 20:1.15(a)	Definitions.	SCR 20:1.15(g)	Withdrawal of fees from trust account.
SCR 20:1.15(b)	Segregation of trust property.		
SCR 20:1.15(c)	Types of trust accounts.	SCR 20:1.15(h)	Dishonored instrument notification; (Overdraft notices).
SCR 20:1.15(d)	Prompt notice and delivery of property.	SCR 20:1.15(i)	Certification of compliance with trust account rules.
SCR 20:1.15(e)	Operational requirements for trust accounts.	SCR 20:1.15(j)	Fiduciary property.
SCR 20:1.15(f)	Record keeping requirements for trust accounts.	SCR 20:1.15(k)	Exceptions to SCR 20:1.15.

### A. SCR 20:1.15(a) DEFINITIONS

This subsection contains 11 definitions of the various terms that are used in the rule. These definitions are applicable only with respect to SCR 20:1.15 and do not supersede statutory definitions. Among the terms defined are the following: “demand account,” “fiduciary account,” “investment institution,” “immediate family member,” “IOLTA account,” “properly payable instrument,” and “trust property.”

### B. SCR 20:1.15(b) SEGREGATION OF TRUST PROPERTY

1. **Separate Account.** Funds belonging to clients and third persons, which a lawyer receives in connection with a representation, must be held in a trust account.
2. **Identification of Account.** Trust Account must be specifically identified in all account records as a “Client Account”, a “Trust Account” or words of similar import. The acronyms: “IOLTA,” “IOTA,” or “LTAB,” without further elaboration, are insufficient to properly identify the account.
3. **Lawyer Funds.** No funds of the lawyer or law firm, other than a nominal amount to cover monthly service charges, may be held in the Trust Account.
4. **Unearned Fees and Cost Advances.** Unearned fees and cost advances must be held in the Trust Account.
5. **Probate Accounts.** Whenever a lawyer represents the personal representative in a probate matter, the property of the estate must be held in a separate account, subject to the trust account rules [SCR 20:1.15(b) - (i)].

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6. **Trust Property other than Funds.** Securities in bearer form must be held in a safe deposit with the box identified as “Client Account” or “Trust Account.” Other property of clients or third persons must be properly identified as such and appropriately safeguarded.
7. **Multi-jurisdictional Practice.** Funds held in connection with an out-of-state representation are subject to the trust account rules of the other state.

**C. SCR 20:1.15(c) TYPES OF TRUST ACCOUNTS**

1. **IOLTA Accounts.** Client funds of a nominal amount, or funds that will be held for a short period of time, are to be deposited into a pooled interest-bearing account IOLTA Trust Account.
2. **Other Client Accounts.** Client funds may also be held, in trust, other types of accounts. Such accounts include the following:
  - a. a separate, interest bearing account, the interest on which is paid to the client;
  - b. a pooled, interest bearing account, with interest paid to the individual clients;
  - c. an income-generating investment vehicle selected by the client;
  - d. an income-generating investment vehicle, approved by the court in a guardianship proceeding;
  - e. an income-generating investment vehicle, approved by the trustee and by the court in a bankruptcy proceeding;  
or
  - f. a non-interest bearing account, if requested by the client.
3. **Selection of Account.** The following factors must be considered in determining the type of account in which to hold trust funds:
  - a. Amount of interest income;
  - b. Cost of setting up and managing the account, including attorney fees for record-keeping and tax preparation; and
  - c. Financial institution’s ability to calculate and pay interest or other income to individual clients.

4. **Professional Judgment.** Lawyer has discretion to establish a non-IOLTA Trust Account when there would be a financial benefit to the client in doing so, i.e., when the costs of setting up and accounting for the funds will be less than the amount of interest earned.

See, *Matter of Disciplinary Proceedings against Britton*, 180 Wis. 2d 109, 508 N.W.2d 412 (1993). (Discipline imposed for failing to deposit a client's \$12,000 settlement into an interest-bearing account for client's benefit. Funds were held for over a year in an IOLTA trust account.)

5. **WisTAF.** Interest on pooled, interest-bearing IOLTA trust accounts must be paid to the Wisconsin Trust Account Foundation, Inc. ("WisTAF"). [Financial institutions generally have the forms needed to establish an IOLTA Account and should be asked to do so at time account is opened.]

**D. SCR 20:1.15(d) PROMPT NOTICE AND DELIVERY OF PROPERTY**

1. **Notice and Disbursement.** Lawyer's responsibility upon receipt of property:
  - a. Notify client or third person in writing; and
  - b. Except as otherwise stated or agreed, promptly deliver to client or third person the funds to which they are entitled.

**Note:** Any third person who has informed the lawyer of an interest that is identified by a lien, a court order, a judgment or a contract is entitled to written notice of the lawyer's receipt of the property.

2. **Accounting.** Lawyer must render a full accounting for funds to client or third person, when asked to do so.

**Note:** Pursuant to SCR 20:1.5(c) [Fees], settlement breakdowns must be provided to the client, regardless of whether a specific request is made.

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3. **Disputes regarding Trust Property.** Whenever the lawyer and another person or the client and another person dispute the ownership of funds held in trust, the lawyer must hold the disputed portion in the trust account until there has been an accounting and severance of the interests.

**Note: Disputes between the lawyer and a client are subject to SCR 20:1.15(g)(2) [Withdrawal of Fees from Trust Account].**

**E. SCR 20:1.15 (e) OPERATIONAL REQUIREMENTS FOR TRUST ACCOUNTS**

1. **Location.** Each Trust Account must be in a financial institution that has at least one branch office in Wisconsin.
2. **Insurance.** Account must located at a financial institution that is insured by:
  - a. the FDIC;
  - b. the National Credit Union Share Insurance Fund;
  - c. the Wisconsin Credit Union Savings Insurance Corp.; or
  - d. the Securities Investor Protection Corp.
3. **Interest Requirements.** Account must have same interest rate that other accounts with same attributes receive, if it is an interest-bearing account.
4. **Prohibited Transactions.**
  - a. Cash disbursements, including checks payable to “Cash”;
  - b. Telephone transfers;
  - c. Internet transactions;
  - d. Electronic transfers by third parties;
  - e. Credit card transactions; and
  - f. Debit card transactions.
5. **Availability of Funds for Disbursement.** Funds cannot be disbursed unless the deposit from which the funds will be disbursed has cleared.

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5. **Availability of Funds for Disbursement.** *(Continued)*

**Exceptions:**

- ◆ **Real Estate Transactions.** Due to the manner in which real estate transactions are conducted in Wisconsin, it is not possible to hold closing proceeds in trust until the funds have cleared. Consequently, certain types of funds that are received during the course of a real estate transaction will be deemed as available for disbursement, for purposes of the trust account rules, even though the funds may not have actually cleared. The types of funds covered by this exception are specified in SCR 20:1.15(e)(5)b.
  - ◆ **Collection Trust Accounts.** Funds collected on behalf of a client, which have been deposited into a separate trust account for that client, may be disbursed pursuant to the client's demands, even though the funds may not have cleared.
6. **Record Retention.** Trust account records must be preserved for at least six (6) years after a representation has terminated.
7. **Production of Records.** Trust account records must be produced for inspection/audit whenever requested by the Office of Lawyer Regulation or the Supreme Court. Failure to provide records constitutes misconduct.
8. **Business Account.** Any lawyer who has a trust account must also have a separate checking account for business purposes.

**F. SCR 20:1.15(f) RECORD KEEPING REQUIREMENTS FOR TRUST ACCOUNTS**

1. **Demand Accounts.** The following records must be maintained for all trust accounts that are demand (i.e., checking) accounts:
- a. **Transaction Register.** Chronological record of all deposits and disbursements.
  - b. **Individual Client Ledgers.** Subsidiary ledger for each client or matter for which lawyer receives trust funds.
  - c. **Ledger for Account Fees and Charges.** Subsidiary ledger for tracking law office funds in the trust account, which are used to cover unexpected service charges. Also called a "Maintenance Account."

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d. **Deposit Records.**

- ♦ Deposit slips must identify the account as a trust account.
- ♦ At time of deposit, the client or matter for which the deposit is made must be identified on the deposit slip, along with the date and amount of the deposit.

**Note:** This rule specifically requires that deposits be made intact, i.e., no cash or other deductions can be made from a deposit to a trust account.

e. **Disbursement Records.**

(1) **Checks.**

- ♦ Checks must be pre-printed and numbered, and must include, in the upper left-hand corner, the name of the lawyer or firm, the firm's address and the name of the account.
- ♦ At the time of disbursement, the identity of the client or matter and the reason for the disbursement must be specified in the memo line.
- ♦ Canceled checks must be obtained from the financial institution, unless imaged checks are substituted.

(2) **Wire Transfers.** Wires must be documented in a written withdrawal authorization or the monthly statement.

f. **Imaged Checks.** Imaged checks may be substituted for canceled checks, but both the front and reverse of the check must be provided and the image should be large enough to read without magnification.

g. **Monthly Statement.** The statement must identify the name and address of the firm and the name of the account.

h. **Reconciliation Report.** Report of the account that is performed every thirty (30) days, reflecting that the following are identical:

- (1) Transaction Register balance;
- (2) Total of all client balances; and
- (3) Adjusted balance in the monthly statement.

2. **Non-Demand Accounts.** The following records must be maintained for all trust accounts that are not checking accounts:
  - a. Monthly or periodic statements.
  - b. All transaction records, including passbooks, records of electronic fund transactions, duplicates of any instrument issued by a financial institution, and duplicate deposit and withdrawal slips.
3. **Trust Property other than Funds.** The following records must be maintained for all trust property other than funds:
  - a. **Property Ledger.** Ledger identifying the property, the owner, client or matter, the location of the property, and the dates of receipt and disbursement.
  - b. **Receipt upon Taking Custody.** The lawyer must provide the previous custodian of the property with a signed receipt describing the property and identifying the date of receipt. The lawyer should retain a copy of this receipt.
  - c. **Dispositional Receipt.** When the property is distributed, the lawyer must obtain a signed receipt, describing the property and identifying the date of distribution from the recipient.
4. **Electronic Record Retention.** The following records must be maintained for all trust property other than funds:
  - a. **Back up of Records.** Lawyers who use computer software to maintain the transaction register and client ledgers and to perform the monthly reconciliation reports, must be able to produce a print-out of those records and must regularly back up the computer records using a reliable storage device.
  - b. **IOLTA Account Records.** In addition to backing up records for the IOLTA account, the lawyer must print out the transaction register, the client ledgers and reconciliation report every thirty days and maintain those printed records for at least six years.

**G. SCR 20:1.15 (g) WITHDRAWAL OF FEES FROM TRUST ACCOUNT**

1. **Notice to client.** At least five (5) business days before withdrawing fees from a trust account, with the exception of contingent fees, the lawyer must provide the following information to the client in writing:
  - a. an itemized bill or other accounting showing the services rendered;
  - b. notice of the amount owed and the anticipated date of the withdrawal; and
  - c. a statement of the balance of the client's funds in the trust account after the withdrawal.
2. **Objection to disbursement.** If a client objects to the disbursement, the funds must remain in the trust account until the dispute is resolved. If the client objects after the funds have been withdrawn, the disputed portion must be returned to the trust account.

**H. SCR 20:1.15 (h) DISHONORED INSTRUMENT NOTIFICATION;  
(OVERDRAFT NOTICES)**

1. **Overdraft Reporting Agreement.** All trust accounts that are demand accounts (i.e., checking accounts) may only be maintained in a financial/investment institution, which agrees to provide overdraft notification to the OLR.
2. **Identification of Accounts subject to SCR 20:1.15(h).** The lawyer must notify the financial institution of all of the accounts that are subject to overdraft reporting requirements and obtain an executed overdraft notification agreement from the institution covering all such accounts.
3. **Overdraft Report.** Upon presentation of a properly payable instrument against a trust account containing insufficient funds, regardless of whether instrument is honored, the financial institution is to provide notice of the overdraft to OLR.
4. **Content of Report.** The overdraft notice provided to OLR regarding a dishonored instrument shall be identical to the notice sent to the account holder. If the instrument is honored, the notice should identify the amount of the overdraft caused by the payment.
5. **Timing of Report.** Notice of overdraft must be sent to OLR at same time that account holder's notice is sent.

6. **Confidentiality of Report.** Reports made by financial institutions, pursuant to the overdraft reporting requirements are confidential, pursuant to SCR 22.40.

7. **Withdrawal of Report by Financial Institution.** The OLR will hold an overdraft notice ten (10) days to allow the financial institution to withdraw a report filed inadvertently or by mistake.

**Note:** **Curing the insufficiency by depositing additional funds will not result in withdrawal of the overdraft report.**

8. **Lawyer Compliance.** Every lawyer, practicing or admitted to practice in Wisconsin must comply with the reporting and production requirements of SCR 20:1.15(h).

9. **Service Charges.** The financial institution may charge for the costs incurred in producing the reports and records required by SCR 20:1.15(h).

10. **Immunity of Financial Institution.** No claims can be brought against the financial institution for failing to provide OLR with an overdraft notice of for failure to comply with any other provision of SCR 20:1.15(h).

**I. SCR 20:1.15 (i) CERTIFICATION OF COMPLIANCE WITH TRUST ACCOUNT RULES**

1. **Annual Requirement.** Wisconsin Bar members must provide the State Bar with a list of the member's trust accounts, identifying those accounts by location and account number.

2. **Trust Account Record Compliance.** That annual report, which is part of the State Bar Dues Statement, includes a certification that member is keeping complete records for the member's trust account(s). By signing the Dues Statement, the member certifies full compliance with record-keeping requirements of SCR 20:1.15(f) and SCR 20:1.15(j)(5).

Since FY 2000, lawyers have also been asked to certify that a trust account notification agreement is on file with BAPR/OLR for each trust account or other fiduciary account.

3. **Certification by Law Firm.** Law firm may file one certificate on behalf of all members.

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4. **Suspension for Non-compliance.** Failing to file the required certification constitutes grounds to administratively suspend the member's license, and filing a false certification is grounds for disciplinary action.

**J. SCR 20:1.15 (j) FIDUCIARY PROPERTY**

1. **Separate Account.** Funds belonging to clients and third persons, that a lawyer receives, when acting in a fiduciary capacity that arises as a result of a lawyer-client relationship, must be held in a separate account that is subject to the requirements of SCR 20:1.15(j).
2. **Location.** Each fiduciary account should be located in a financial institution in the state where the lawyer practices, but may be located elsewhere with the written consent of the client or pursuant to the terms of a governing trust agreement, organizational by-laws, or a court order.
3. **Prohibited Transactions.**
  - a. Cash disbursements, including checks payable to "Cash";
  - b. Internet transactions;
  - c. Credit card transactions; and
  - d. Debit card transactions.
4. **Availability of Funds for Disbursement.** Funds cannot be disbursed unless the deposit from which the funds will be disbursed has cleared. However, the exception for real estate transactions applies to fiduciary accounts.
5. **Records.** The following records must be maintained for all fiduciary accounts:
  - a. Monthly or periodic statements.
  - b. All transaction records, including canceled or imaged checks, passbooks, records of electronic fund transactions, deposit slips and any other record necessary to document receipts and disbursements.

*(Continued)*

6. **Record Retention.** Fiduciary account records must be preserved during the course of the fiduciary relationship and for at least six (6) years after that relationship has terminated. In a long-term fiduciary relationship, complete records of the most recent six (6) year period must be maintained. A summary accounting of the prior years is acceptable.
7. **Production of Records.** Fiduciary account records must be produced for inspection/audit whenever requested by the Office of Lawyer Regulation or the Supreme Court. Failure to provide records constitutes misconduct.
8. **Fiduciary Property other than Funds.** The following records must be maintained for all trust property other than funds:
  - a. **Property Ledger.** Ledger identifying the property, the owner, client or matter, the location of the property, and the dates of receipt and disbursement.
  - b. **Receipt upon Taking Custody.** The lawyer must provide the previous custodian of the property with a signed receipt describing the property and identifying the date of receipt. The lawyer should retain a copy of this receipt.
  - c. **Dispositional Receipt.** When the property is distributed, the lawyer must obtain a signed receipt, describing the property and identifying the date of distribution from the recipient.
9. **Dishonored Instrument Notification or Alternative Protection.** A lawyer holding fiduciary property in a demand account must take one of the following steps:
  - a. Comply with the overdraft notification requirements of SCR 20:1.15(h); or
  - b. Have the account independently audited by a CPA on at least an annual basis.
  - c. Hold funds in a demand account that requires the approving signature of a co-trustee, co-agent, co-guardian, or co-personal for all disbursements.
10. **Certification Requirements.** A lawyer holding fiduciary property must comply with the certification requirements of SCR 20:1.15(i).

**K. SCR 20:1.15 (k) EXCEPTIONS TO SCR 20:1.15**

The provisions of SCR 20:1.15 do not apply to the following circumstances in which a lawyer acts as a fiduciary:

1. The lawyer serves as a bankruptcy trustee, subject to the oversight of the bankruptcy court; or
2. The lawyer serves in a fiduciary capacity for the benefit of an immediate family member; or
3. The lawyer serves in a fiduciary capacity for a civic, fraternal, or non-profit organization, which is not a client and has other officers participating in the governance of the organization.

*TAMgmtManual 08/05*

**MANAGING TRUST ACCOUNTS  
AND FIDUCIARY ACCOUNTS**

**WORK BOOK**

**OFFICE OF LAWYER REGULATION  
TRUST ACCOUNT PROGRAM  
110 E. MAIN STREET, SUITE 315  
MADISON, WI 53703**

**(608) 267-7274 EXT. 2  
TOLL FREE: (877) 315-6941 EXT. 2**

**AUGUST 2005**

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## APPENDICES

A.	Transaction Register	
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# TRUST ACCOUNT WORK BOOK

*The examples and exercises in this Work Book are designed to give the practitioner a basic understanding of the records that are required by SCR 20:1.15(f), along with some experience in dealing with the mechanics of maintaining those records.*



*The type of account that will be used for the exercises that follow is a pooled, interest-bearing, IOLTA trust account.*

## **I. HOW DOES THE “IOLTA” TRUST ACCOUNT COMPARE TO A STANDARD CHECKING ACCOUNT?**

- ◆ The pooled, interest-bearing, IOLTA trust account (hereinafter referred to as the “trust account”) operates similarly to a standard checking account, but requires some additional features that are not typical of a personal checking account.
- ◆ Like a standard checking account, the trust account will have a transaction register (more commonly referred to as a check register), checks, deposit slips, monthly statements, service charges, interest income, and potentially, although more problematically than in a personal account, overdraft notices.
- ◆ Unlike the standard checking account, the trust account requires the maintenance of canceled checks, duplicate deposit slips, and client ledgers (one for each client and/or each matter of a client). It also requires the disbursement of interest income to WisTAF, the Wisconsin Trust Account Foundation, Inc.
- ◆ The trust account requires a monthly reconciliation that is far more detailed than that of a standard checking account. That is because, in addition to the usual practice of reconciling the checkbook balance with the balance in the bank statement, there must also be a reconciliation of the client ledger (the individual client balances) with the bank’s balance.

## II. WHAT DOES THE RULE REQUIRE?

SCR 20:1.15(f)(1) requires the maintenance of a number of records that are generally unnecessary to the maintenance of a standard checking account. Pursuant to that rule, trust account records for a demand (i.e., checking) account, must include the following:

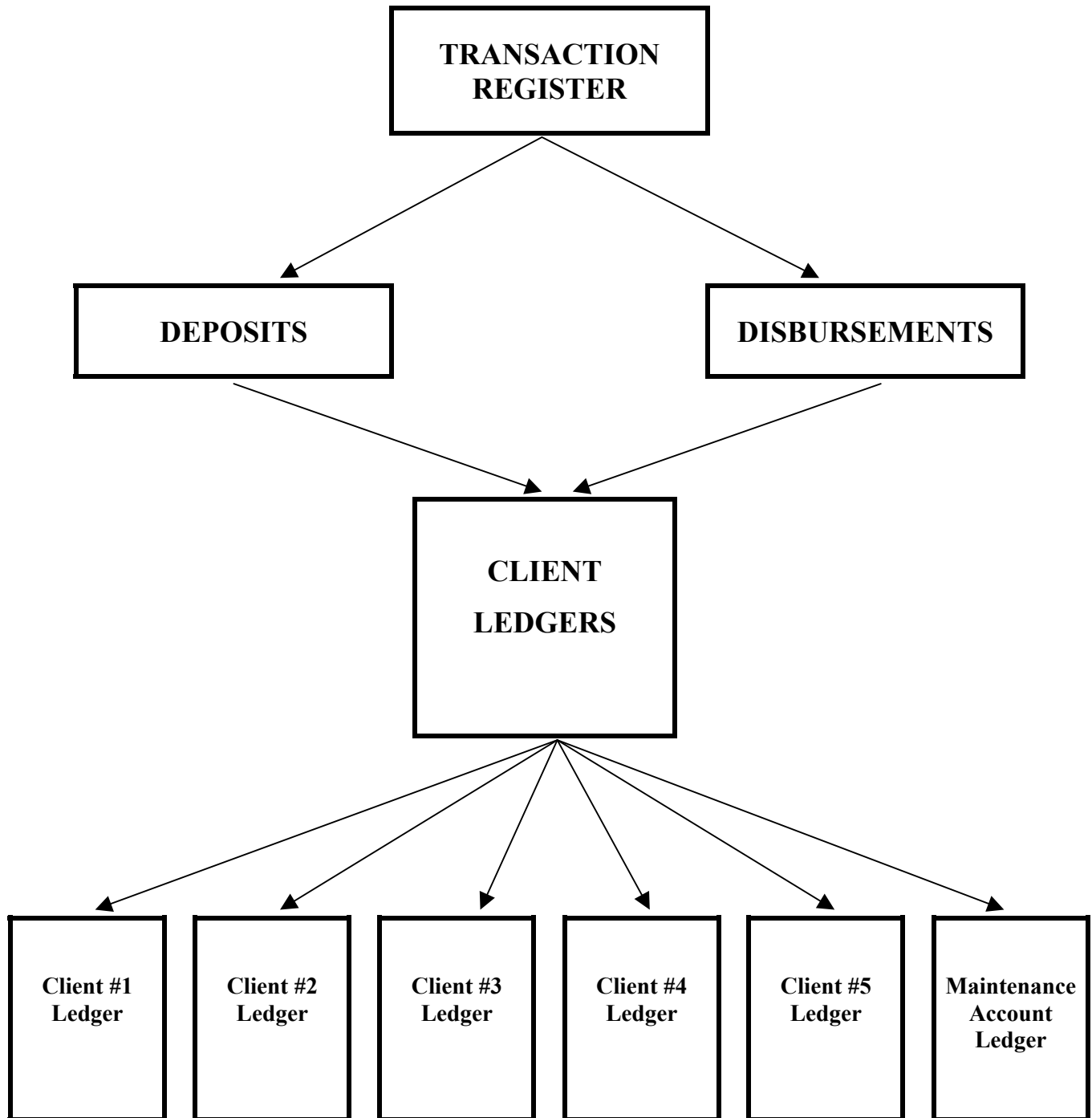
- a. **A Transaction Register**, containing a chronological record of all deposits and disbursements, along with the balance in the account after each transaction;
- b. **Individual Client Ledgers**, containing a record of deposits and disbursements for each client, client matter, or third person for whom the lawyer receives funds in trust, along with the balance following each transaction;
- c. **A Ledger for Account Fees and Charges**, or “Maintenance Account,” containing a record of deposits and disbursements of any funds belonging to the lawyer that are held in the trust account to cover monthly service charges;
- d. **Deposit Records** that identify the client or matter associated with each deposit, along with the date and amount of the deposit;
- e. **Disbursement Records**, including checks that identify the client and/or the matter as well as the reason for the disbursement on the memo line; canceled or imaged checks that document the payment of each such disbursement, and wire transfer records;
- f. **Monthly Statements** provided by the financial institution; and
- g. **Reconciliation Reports**, which document, on a monthly basis, that the account is in balance, i.e., that the balance in the transaction register is identical to the total of the client ledger balances, and that those balances are further identical to the adjusted balance in the monthly statement.

### TERMINOLOGY

As the standard accounting terminology of “debits” and “credits” may become confusing to those who do not have an accounting background, it will not be used here. **For purposes of handling a trust account, the terms “deposit” and “disbursement” will suffice.** Those concepts are fairly straightforward:

1. A “deposit” increases the balance in the trust account; and
2. A “disbursement” decreases the balance.

# TRUST ACCOUNT FLOW CHART



### III. INDIVIDUAL CLIENT LEDGERS

**Definition:** A subsidiary ledger for each client or matter, containing the following information:

- 1) the date, source, and amount of each deposit relating to that client or matter;
- 2) the date, payee, and amount of each disbursement relating to that client or matter; and
- 3) the running balance in the account for that client or matter.

***It is recommended that the check number for each disbursement also be included in this ledger. This record is, in essence, a transaction register for each client or matter.***

**NOTE:** If multiple matters are handled for a client, a separate ledger should be established for each matter. For example, if a client sells three separate properties, each of the real estate transactions constitutes a separate representation, even though there is only one client. Consequently, a separate ledger should be established for each of those transactions.

#### EXAMPLES:

##### CLIENT LEDGERS

Client: Fight, Marvin  
Matter: Divorce

Date	Ck No.	Transaction	Deposits	Disbursemts		Balance
02/12/04		Advanced Fees	\$2,000.00			\$2,000.00
02/17/04	1003	Clerk of Court		\$ 212.00		1,788.00

Client: Innocent, James  
Matter: Personal Injury

Date	Ck No.	Transaction	Deposits	Disbursemts		Balance
02/02/04		IOU Insurance	\$15,000.00			\$15,000.00
02/08/04	1000	James Innocent		\$7,262.50		7,937.50
02/08/04	1001	Wm. B. Accurate		5,137.50		2,600.00

Client: None  
Matter: Maintenance Account

Date	Ck No.	Transaction	Deposits	Disbursemts		Balance
02/01/04		DEPOSIT	\$ 100.00			\$100.00
02/07/04	DM	Check Printing Charge		\$ 25.32		74.68



#### IV. TRUST ACCOUNT CASE STUDIES

##### Case 1: *James Innocent - Personal Injury Matter*

James Innocent retained Atty. William B. Accurate regarding an automobile accident. Innocent was injured when the vehicle he was driving was struck by another vehicle that failed to yield the right of way. Atty. Accurate negotiated with the other driver's insurer, IOU Insurance Company, and ultimately received a \$15,000.00 settlement offer. After discussing the offer with Atty. Accurate, Innocent agreed to accept it. The settlement check is deposited in Atty. Accurate's trust account on February 2, 2004.

Atty. Accurate has a one-third contingency fee agreement, and had previously agreed to protect the fees of Innocent's chiropractor, Dr. Chiopsu. Chiopsu's bill totaled \$2,600.00.

The following settlement breakdown is prepared:

SETTLEMENT STATEMENT		
February 2, 2004		
James Innocent Personal Injury		
Settlement from IOU Insurance:		\$15,000.00
Wm B. Accurate (Fee):	\$5,000.00	
Costs:	137.50	
Dr. Chiopsu:	<u>2,600.00</u>	
Total Deductions:		- <u>7,737.50</u>
Settlement to Client:		\$ 7,262.50

**Case 2:        *Marvin Fight - Divorce***

Marvin Fight retained Atty. Accurate to represent him in a divorce. Fight paid a \$2,000.00 retainer fee, which Atty. Accurate will bill against at an hourly rate. Shortly after the petition was filed, the parties agreed to a marital property settlement. The settlement requires that the proceeds of the sale of the couple's homestead, totaling \$78,367.12, are to be held in trust by Atty. Accurate, pending an evaluation of Fight's pension plan. It is estimated that the evaluation won't be completed for at least six months.

Atty. Accurate's first invoice to Fight reflects the following:

**Law Offices of  
William B. Accurate**

To:    Mr. Marvin Fight  
         1023 Lois Lane  
         Rome, WI 54321

Date:   March 18, 2004

**STATEMENT**

02/12/04	Advanced Fees/Costs:		\$ 2,000.00
02/17/04	Filing fees/Service	\$ 212.00	
02/17/04	<i>Lis Pendens</i> :	5.00	
02/27/04	Copies of Orders:	4.00	
02/27/04	Legal Fees (earned):	620.00	
03/18/04	Real Estate Proceeds:		\$78,367.12

**Please be advised that the above legal fees will be withdrawn from the firm's trust account seven (7) business days after the date on this statement.**

**Balance in Trust Account:**

Fees/Costs:	\$ 1,159.00
Real Estate Proceeds:	\$78,367.12

**Case 3:         *Robert Tenant* – Real Estate Transaction**

Robert Tenant has decided to buy the building he has been renting for his business from Samantha Landlord. They have agreed upon a sale price of \$123,276.66. The closing takes place on March 23, 2004. The closing statement is below:

<b>CLOSING STATEMENT</b>	
<b>MARCH 23, 2004</b>	
Seller:	Samantha Landlord
Buyer:	Robert Tenant
Property:	1313 Mockingbird Lane Royal Oaks, WI 12345

---

<b>Purchase Price:</b>	<b>\$123,276.66</b>
<b>Due from Buyer at Closing:</b>	
Amalgamated Mortgage:	\$120,000.00
Tenant – Cashier’s Check:	<u>\$ 3,276.66</u>
<b>Total Due from Buyer:</b>	<b><u>\$123,276.66</u></b>
<b>Disbursements:</b>	
American Title Company	\$ 375.00
Register of Deeds:	\$ 623.00
Village of Royal Oaks: (Property Assessment)	\$ 2,717.37
I.B. Rich Mortgage Co.:	\$ 98,231.85
Wm. B. Accurate:	\$ 1,000.00
Samantha Landlord:	<u>\$ 20,329.44</u>
<b>Total Disbursements:</b>	<b><u>\$123,276.66</u></b>

## OPENING TRANSACTION

Deposit \$100.00 into the trust account on February 1, 2004 to open the trust account and cover account service charges.

In addition, set up a Ledger entitled: "Maintenance Account," to track bank service charges. This Ledger should be maintained with the Client Ledgers.

- |                |  |                       |
|----------------|--|-----------------------|
| <b>Step 1:</b> | Record the Deposit in the Transaction Register.        | (See, App. A)         |
| <b>Step 2:</b> | Record the Deposit in the "Maintenance Account" Ledger | (See, App. B, Page 3) |



### Transaction # 1:

Deposit the \$15,000.00 settlement check from the IOU Insurance Co. relating to James Innocent's personal injury case on February 2, 2004.

In addition, set up a Client Ledger entitled: "Innocent, James."

- |                |   |                       |
|----------------|---|-----------------------|
| <b>Step 1:</b> | Record the Deposit in the Transaction Register.     | (See, App. A)         |
| <b>Step 2:</b> | Record the Deposit in the "Innocent" Client Ledger. | (See, App. B, Page 2) |



### Transaction # 2:

Disburse a \$7,262.50 check to James Innocent on February 8, 2004, constituting his portion of the personal injury settlement.

- |                |  |                       |
|----------------|--|-----------------------|
| <b>Step 1:</b> | Record the Disbursement in the Transaction Register.     | (See, App. A)         |
| <b>Step 2:</b> | Record the Disbursement in the "Innocent" Client Ledger. | (See, App. B, Page 2) |

**Transaction # 3:**

Disburse a \$5,137.50 check to Atty. Accurate on February 8, 2004 for his 1/3 contingent fee and the reimbursement of costs.

- Step 1:** Record the Disbursement in the Transaction Register. (See, App. A)
- Step 2:** Record the Disbursement in the “Innocent” Client Ledger. (See, App. B, Page 2)

*Some attorneys maintain a Cost Advance Account. If such an account is maintained, separate checks may be issued for fees and costs. In this case, a \$5,000.00 check would be issued to Atty. Accurate for fees, and a \$137.50 check would be issued to the Cost Advance Account to reimburse that account for funds advanced on the client’s behalf.*

**Transaction # 4:**

Disburse a \$2,600.00 check to Dr. Chiopsu on February 8, 2004, in payment of his lien against the settlement.

- Step 1:** Record the Disbursement in the Transaction Register. (See, App. A)
- Step 2:** Record the Disbursement in the “Innocent” Client Ledger. (See, App. B, Page 2)



**Transaction # 5:**

Deposit a \$2,000.00 check from Marvin Fight on February 12, 2004, constituting an advance of fees for divorce representation.

In addition, set up a Client Ledger entitled: "Fight, Marvin."

**Step 1:** Record the Deposit in the Transaction Register. (See, App. A)

**Step 2:** Record the Deposit in the "Fight" Client Ledger. (See, App. B, Page 1)

**Transaction # 6 (*Series of Transactions*):**

Make the following disbursements regarding the Fight Divorce:

- ◆ A \$212.00 check on February 17, 2004 to the Clerk of Courts for the filing fee;
- ◆ A \$5.00 check on February 17, 2004 to the Register of Deeds for a *Lis Pendens*; and
- ◆ A \$4.00 check on February 27, 2004 to the Clerk of Courts for photocopies.
- ◆ A \$620.00 check on February 27, 2004 to Atty. Accurate for fees.

**Step 1:** Record each of the Disbursements in the Transaction Register. (See, App. A)

**Step 2:** Record each of the Disbursements in the "Fight" Client Ledger. (See, App. B, Page 1)



## TIME TO RECONCILE

Receive, Review, and Reconcile the Monthly Bank Statement on March 8:



### WE-GOT MONEY BANK

Account: Wm. B. Accurate, Atty.  
IOLTA Trust Account  
Account No. 123-45-6789

Statement Date: March 4, 2004

Beginning Balance:		\$	0.00
Deposits:			17,100.00
Interest:			12.92
Checks:	\$ 15,217.00		
Other Deductions:	45.02		
Ending Balance:		\$	1,850.90

#### Deposits:

02/01/04	\$	100.00
02/04/04		15,000.00
02/13/04		2,000.00

#### Checks:

1000	\$	7,262.50
1001		5,137.50
1002		2,600.00
1003		212.00
1004		5.00

#### Other Deductions:

02/07/04	Check Printing	\$	25.32
02/28/04	Service Charge	\$	6.78
02/28/04	Interest to WisTAF	\$	12.92

## RECONCILIATION PROCESS:

- Step 1:** Record the Check Printing and Service Charges in the Transaction Register. (See, App. A)
- Step 2:** Record the Check Printing Charge in the “Maintenance Account” Ledger. (See, App. B)
- Step 3:** Reconcile the Account.

## TRUST ACCOUNT RECONCILIATION SHEET

Date of Statement : March 4, 2004      Date of Reconciliation: March 8, 2004

1.	Bank Statement Ending Balance:	\$1,850.90	
2.	Subtract: Outstanding Checks		
		<b>Check No.</b>	<b>Amount</b>
		1005	\$ 4.00
		1006	620.00
3.	Total of Outstanding Checks:	\$ 624.00	
4.	Add: In Transit Deposits:		
		<b>Amount</b>	
		0	
5.	Total of In-Transit Deposits:	0	
6.	Reconciled Bank Statement Balance: (Subtract Line 3 from Line 1, and Add Line 5)		\$ 1,226.90
7.	Transaction Register Balance:		\$ 1,226.90
8.	Client Ledger Balances		
	<b>Client Name:</b>	<b>Client Balance</b>	
	Fight, Marvin:	\$ 1,159.00	
9.	Maintenance:	67.90	
10.	Client Ledger Balance: (Total of Client Balances and Maintenance Account Balance)		\$ 1,226.90

**TO COMPLETE THE MONTHLY RECONCILIATION, THE FOLLOWING BALANCES MUST BE EQUAL:**

Line 6    Reconciled Bank Statement Balance:    \$ 1,226.90  
Line 7    Transaction Register Balance:            \$ 1,226.90  
Line 10   Client Ledger Balance:                        \$ 1,226.90

### **Transaction # 7 (Two Transactions):**

Deposit the proceeds of the sale of the homestead relating to the Fight divorce on March 18, 2004. Once again, enter the amount in both the Transaction Register and the Client Ledger.

*At minimum, a separate sub-account record should be created in the IOLTA Trust Account to track the sale proceeds since both the client and his wife, Bea, have an interest in those funds. Both Mr. Fight and opposing counsel should be consulted about whether to establish a separate trust account for Mr. Fight and Bea for those funds. A separate trust account, possibly an investment-type account, would allow any interest income to be paid to the client and his wife rather than WisTAF.*

On March 22, 2004, prepare a check (No. 1007), payable to We-Got Money Bank – Investments to establish a separate investment account. Later that day, before the investment account has been opened, opposing counsel calls to advise that the parties are again arguing about where to invest the funds. **VOID THIS CHECK.** A new check may be issued after an agreement is reached.

### **Transaction # 8 (Series of Transactions):**

Atty. Accurate is responsible for depositing and disbursing funds relating to the real estate transaction involving Robert Tenant and Samantha Landlord.

The following transactions need to be recorded on March 23, 2004 in both the Transaction Register and the Client Ledger:

- 1) A \$120,000.00 Wire Transfer from Amalgamated Mortgage;
- 2) A \$3,276.66 Cashier's Check from Robert Tenant;
- 3) A Disbursement of \$375.00 to American Title Co. (Check 1008);
- 4) A Disbursement of \$623.00 to the Register of Deeds (Check 1009);
- 5) A Voided Check due to error in amount owed to Village (Check #1010);
- 6) A Disbursement of \$2,717.37 to the Village of Royal Oaks (Check 1011);
- 7) A Disbursement of \$98,231.85 to the I.B. Rich Mortgage Co. (Check 1012);
- 8) A Disbursement of \$1,000.00 to Atty. Accurate (Check 1013); and
- 9) A Disbursement of \$20,329.44 to Samantha Landlord (Check 1014).

**(See, Closing Statement, Page 7)**



## TIME TO RECONCILE

Receive, Review and Reconcile the Monthly Bank Statement on April 8:



### WE-GOT MONEY BANK

Account: Wm. B. Accurate, Atty.  
IOLTA Trust Account  
Account No. 123-45-6789

Statement Date: April 5, 2004

Beginning Balance:		\$	1,850.90
Deposits:			201,643.78
Interest:			78.22
Checks:	\$ 122,525.66		
Other Deductions:	78.22		
Ending Balance:		\$	80,969.02

#### Deposits:

03/18/04	\$ 78,367.12
03/23/04	120,000.00
03/23/04	3,276.66

#### Checks:

1005	\$ 4.00	****
1006	620.00	1011 \$ 2,717.37
****		1012 98,231.85
****		****
1009	623.00	1014 20,329.44

#### Other Deductions:

03/31/04	Interest to WisTAF	\$ 78.22
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## V. USING COMPUTER SOFTWARE FOR RECORD KEEPING

There are a variety of accounting programs on the market that can assist in maintaining trust account records. However, some of those accounting programs need to be adapted to meet the record-keeping requirements established by the Wisconsin Supreme Court.

**ONE OF THE KEY ADAPTATIONS** relates to the assignment of a “category” for each transaction. The standard categories that are part of the software program should **not** be used. Instead, the category for each transaction should be the client’s name, or the client matter to which the transaction relates. This is very important because the category information is used to create the Client Ledgers required by SCR 20:1.15(f)(1)b.

**NOTE:** In order to facilitate the production of Client Ledgers in alphabetical order, each category should be created by using the client’s name in the following format: “Last Name, First Name(s) or First Initial(s).” If the client is a business, the name of the business will suffice as the category.

Regardless of whether the client is an individual or a business, the client’s name must be consistent in all records. For example, “Jones, John” should always be entered as “Jones, John,” not sometimes that way, and other times as “Jones, Jack.”

Depending upon the nature of an attorney’s practice, he or she may simultaneously handle more than one matter for any given client. If so, most programs allow for the creation of a subcategory to track activity relating to two or more matters. For example, assume that Atty. Accurate handles real estate closings for various mortgage companies, including ABC Mortgage. ABC Mortgage would be the category assigned to each closing conducted for ABC, and the subcategory could be the buyer’s name and the closing date. The subcategories for ABC Mortgage could include: “Jones-10/5/04” and “Smith-10/5/04.” This will enable Attorney Accurate to create a category report that identifies the deposits and disbursements relating to each closing that he handles for ABC Mortgage.

**A SECOND KEY ADAPTATION** is to designate each category (client) as either an “income” item or an “expense” item. Most software programs require each category to be designated as “income” or as an “expense.” While this is a helpful feature for some businesses or individuals, it can cause a tremendous amount of confusion in trust account record keeping. If some clients are designated as “income,” and other clients are designated as “expenses,” you will produce an alphabetical list of clients who were identified as income items, and a second alphabetical list of clients who were identified as expense items. The goal of the category report in trust accounting is to create one alphabetical listing of trust account activity, broken down by client. Consequently, it is essential to designate each client as “income,” or each client as “expense.”

**NOTE:** If a client is mistakenly designated as an income item when all other clients have been designated as expense items, or vice versa, it is possible to correct that error by editing the information relating to that category.

**A THIRD KEY ADAPTATION** relates to the information contained in the **Memo Line** of the checks and/or the register. The Memo should include the name of the client, possibly in an abbreviated version to conserve space, and some indication as to the purpose of the check. For example, a check payable to Samantha Landlord relating to the real estate matter described in these materials could include the following information in the memo line: “Tenant Closing-Seller’s Proceeds.”

**A FOURTH KEY ADAPTATION** relates to the information recorded in the Transaction Register regarding deposits. The first line of the entry, which is normally used to identify the Payee of a check, should identify the **Source of the Deposit**, rather than simply the word, “Deposit.” For example, the deposit of James Innocent’s personal injury settlement could be identified in the Transaction Register as: “Ck from IOU Insurance Co.” The **Memo Line** is also important in recording deposits. It should include the name of the client and the reason for the deposit. In the Innocent case, the Memo Line could include the following information: “Innocent-PI Settlement.”

**SPLIT TRANSACTIONS:** Another noteworthy device that many software programs include is called the “Split Transaction.” A split transaction allows you to break down a deposit that includes two or more checks into individual deposits entries. For example, if a real estate closing includes the deposit of a \$175,000.00 certified check from a mortgage company and a \$1,500.00 cashier’s check from the buyer, those two checks would most likely be included on one deposit slip. The source and amount of each deposit item should also be recorded in the Transaction Register. Computer software programs often allow you to create a split transaction in the Transaction Register, wherein you record the amount, source, and category of each of those deposit items.

*Quicken* can be modified to maintain Client Ledgers by identifying each client or client matter as a category. However, *Quicken* will not provide a running balance for the individual client ledgers. Consequently, those computations would have to be done manually.

*Quickbooks* does provide a running balance in the Client Ledgers. A set of computer-generated trust account records regarding the case studies in this Work Book has been generated using *Quickbooks*, and is included in your materials.

*Microsoft Money (2002 and earlier versions)* also provides a running balance for the Client Ledgers. In order to print the Transaction Register in *Money*, one needs to run a report called “Account Transactions.” The standard format for the Account Transactions report may need to be modified. It can be re-titled: “Trust Acct Transaction Register,” rather than “Account Transactions.” In addition, it should include columns for the following information: Check Number, Date, Payee, Memo, Amount and Running Balance. The Transaction Register should always include Split Transactions. A set of computer-generated trust account records regarding the case studies has also been generated using *Microsoft Money*, and is included in your materials.

**William B. Accurate, Esq.**  
**Client Trust Account**

**TRANSACTION REGISTER**

DATE	CK. No.	TRANSACTION	DEPOSITS	PAYMENTS	✓	BALANCE
		CLIENT MATTER & PURPOSE				
02/01/04		Opening Deposit	100.00			100.00
		Maintenance				
02/02/04		Deposit (IOU Insurance Co.)	15,000.00			15,100.00
		Innocent PI Settlement				
02/08/04	1000	James Innocent		7,262.50		7,837.50
		P.I. Settlement				
02/08/04	1001	Wm. B. Accurate		5,137.50		2,700.00
		Innocent (Fees & Costs)				
02/08/04	1002	Dr. Ben Chiopsu		2,600.00		100.00
		Innocent				
02/12/04		Deposit (Marvin Fight)	2,000.00			2,100.00
		Fight (Advance)				
02/17/04	1003	Clerk of Court		212.00		1,888.00
		Fight – Filing Fee				
02/17/04	1004	Register of Deeds		5.00		1,883.00
		Fight – Lis Pendens				
02/27/04	1005	Clerk of Court		4.00		1,879.00
		Fight – Copies				
02/27/04	1006	Wm. B. Accurate		620.00		1259.00
		Fight – Atty Fees				
02/28/04	DM	Check Print Fees		25.32		1233.68
		Maintenance				
02/28/04	DM	Bank Service Charge		6.78		1,226.90
		Maintenance				

DATE	CK. No.	TRANSACTION	DEPOSITS	PAYMENTS	✓	BALANCE
		CLIENT MATTER & PURPOSE				
----	----	<b>Balance from Previous Page</b>	-----	-----		1,226.90
03/18/04		Johnson Closing Service	78,367.12			79,594.02
		Fight, Marvin & Bea				
03/22/04	1007	<del>We Got Money Bk Investments</del>		<b>VOID</b>		-----
		Fight, Marvin & Bea				
03/23/04		Deposit (Amalgamated – Wire)	120,000.00			199,594.02
		Tenant				
03/23/04		Deposit (Tenant - Cashier's Check)	3,276.66			202,870.68
		Tenant				
03/23/04	1008	American Title Co.		375.00		202,495.68
		Tenant				
03/23/04	1009	Register of Deeds		623.00		201,872.68
		Tenant				
03/23/04	1010	<del>Village of Royal Oaks - VOIDED</del>		-----		-----
03/23/04	1011	Village of Royal Oaks		2,717.37		199,155.31
		Tenant – Property Tax				
03/23/04	1012	I.B. Rich Mortgage Co.		98,231.85		100,923.46
		Tenant				
03/23/04	1013	Wm. B. Accurate		1,000.00		99,923.46
		Tenant – Atty Fees				
03/23/04	1014	Samantha Landlord		20,329.44		75,594.02
		Tenant				
04/06/04		Deposit	32.10			79,626.12
		Maintenance Funds				

## INDIVIDUAL CLIENT LEDGER

**Client:**    **Fight, Marvin**

**Matter:**   **Divorce**

Date	Ck No.	Transaction	Deposits	Disbursemts		Balance
02/12/04		Advanced Fees	2,000.00			2,000.00
02/17/04	1003	Clerk of Court (Filing Fees)		212.00		1,788.00
02/17/04	1004	Register of Deeds ( <i>Lis Pendens</i> )		5.00		1,783.00
02/27/04	1005	Clerk of Ct. (Copies)		4.00		1,779.00
02/27/04	1006	William B. Accurate (Atty. Fees)		620.00		1,159.00

**Client:**    **Fight, Marvin and Fight, Bea**

**Matter:**   **Real Estate Proceeds**

Date	Ck No.	Transaction	Deposits	Disbursemts		Balance
03/18/04		Real Estate Proceeds	78,367.12			78,367.12
<del>03/20/04</del>	<del>1007</del>	<del>We Got Money Invstmnts</del>		<b>VOID</b>		-----

**APPENDIX B**

**Page 1**

## INDIVIDUAL CLIENT LEDGER

**Client:** Innocent, James

**Matter:** Personal Injury

Date	Ck No.	Transaction	Deposits	Disbursemts		Balance
02/02/04		IOU Insurance Co.	15,000.00			15,000.00
02/08/04	1000	James Innocent		7,262.50		7,737.50
02/08/04	1001	Wm. B. Accurate		5,137.50		2,600.00
02/08/04	1002	Dr. Ben Chiopsu		2,600.00		-----

## INDIVIDUAL CLIENT LEDGER

**Client:** None

**Matter:** Maintenance Account

Date	Ck No.	Transaction	Deposits	Disbursemts		Balance
02/01/04		DEPOSIT	100.00			100.00
02/28/04	DM	Check Printing Charge		25.32		74.68
02/28/04	DM	Service Charges		6.78		67.90
04/06/04		DEPOSIT	32.10			100.00

## INDIVIDUAL CLIENT LEDGER

**Client:**    Tenant, Robert

**Matter:**   Real Estate Transaction

Date	Ck No.	Transaction	Deposits	Disbursemts	Balance
03/23/04		Wire Transfer from Amalgamated Mortgage	\$120,000.00		\$120,000.00
03/23/04		Cashier's Check from Robert Tenant	3,276.66		123,276.66
03/23/04	1008	American Title (Title Fees)		\$ 375.00	122,901.66
03/23/04	1009	Register of Deeds (Real Estate Transfer Fee)		623.00	122,278. 66
	1010	<del>Village of Royal Oaks</del>		<b>VOID</b>	-----
03/23/04	1011	Village of Royal Oaks (Assessment)		2,717.37	119,561.29
03/23/04	1012	I.B. Rich Mortgage (Mortgage Satisfaction)		98,231.85	21,329.44
03/23/04	1013	Wm B. Accurate (Fee for Closing)		1,000.00	20,329.44
03/23/04	1014	Samantha Landlord (Payment to Seller)		20,329.44	-----

# TRUST ACCOUNT RECONCILIATION

Date of Statement: \_\_\_\_\_ Date Reconciled: \_\_\_\_\_

1.	Bank Statement Ending Balance:	\$	
2.	Subtract: Outstanding Checks		
	Check No.	Amount	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
3.	Total of Outstanding Checks:	\$	
4.	Add: In-Transit Deposits:		
		Amount	
		\$	
		\$	
		\$	
		\$	
5.	Total of In-Transit Deposits:	\$	
6.	Reconciled Bank Statement Balance: (Subtract Line 3 from Line 1, and Add Line 5)		\$



<p><i>Before inserting the Register Balance below, be sure to make any necessary adjustments to the balance in your Transaction Register due to service charges and/or other deductions or credits to the account that are identified in the Bank Statement.</i></p>		
7.	Transaction Register Balance:	\$

**RECONCILIATION SHEET**  
**Page Two**

<b>8.</b>	<b>Client Ledger Balance:</b>		
	<b>Client Name:</b>	<b>Client Balance</b>	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
<b>9.</b>	<b>Maintenance Account</b>	\$	
<b>10.</b>	<b>Client Ledger Balance:</b> <b>(Total of Client Balances and</b> <b>Maintenance Account Balance)</b>		\$

**TO COMPLETE THE MONTHLY RECONCILIATION, THE FOLLOWING BALANCES MUST BE EQUAL:**

<b>Line 6</b>	<b>Reconciled Bank Statement Balance:</b>	<b>\$</b> _____
<b>Line 7</b>	<b>Transaction Register Balance:</b>	<b>\$</b> _____
<b>Line 10</b>	<b>Client Ledger Balance:</b>	<b>\$</b> _____